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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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COMMISSIONER

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IN THE MATTER OF THE PETITION)
 OF TCG PHOENIX FOR ARBITRATION)
 PURSUANT TO §252(b) OF THE TELE-)
 COMMUNICATIONS ACT OF 1996 TO)
 ESTABLISH AN INTERCONNECTION)
 AGREEMENT WITH U S WEST)
 COMMUNICATIONS, INC.)

Docket No. U-3016-96-402

**JOINT PRE-ARBITRATION
 STATEMENT OF U S WEST
 AND TCG**

U S WEST Communications, Inc. ("U S WEST") and TCG Phoenix ("TCG") hereby file this Joint Pre-Arbitration Statement pursuant to the Arbitrator's Procedural dated August 30, 1996, in the above-referenced docket. TCG and US WEST continue to negotiate unresolved issues, and the parties anticipate resolution of some of these issues and narrowing of other issues. The following Joint Statement reflects the parties positions on the issues to date, although not to the level of detail these positions will be presented to the arbitrator.

1. Disputed Issues

A. Transport and Termination (Reciprocal Compensation)

• Statement of the Issue

What should be the method of compensation for the mutual transport and termination of local exchange traffic?

• The Telecommunications Act and FCC Rules

Telecommunications Act

A state commission shall not consider the terms and conditions for reciprocal compensation to be just and reasonable unless -- (i) such terms and conditions

1 provide for the mutual reciprocal recovery by each carrier of costs associated with
2 the transport and termination on each carrier's network facilities of calls that
3 originate on the network facilities of the other carrier; and (ii) such terms and
4 conditions determine such costs on the basis of a reasonable approximation of the
5 additional costs of terminating such calls.

6 This paragraph shall not be construed to preclude arrangements that waive mutual
7 recovery (such as bill and keep arrangements). (§252 (d)(2)(b)(i))

8 **FCC Rules**

9 An incumbent LEC's rates for transport and termination of local traffic shall be
10 established, at the election of the state commission on the basis of (1) the forward
11 looking economic costs of such offerings, using a cost study pursuant to §§ 51.505
12 and 51.511; (2) default proxies, as provided in § 51.707, including between \$0.002
13 and \$0.004 per minute to terminate local telecommunication traffic; or (3) a bill-and-
14 keep arrangement, as provided in § 51.713. (47 CFR § 51.703)

15 Where switch of a carrier other than an incumbent LEC serves a geographic area
16 comparable to the area served by the incumbent LEC's tandem switch, the
17 appropriate rate for the carrier other than an incumbent LEC is the incumbent LEC's
18 tandem interconnection rate. (§ 51.711 (a)(3))

19 A state commission may impose bill-and-keep arrangements if the state commission
20 determines that the amount of local traffic from one network to the other is roughly
21 balanced with the amount of local telecommunications traffic flowing in the
22 opposite direction, and is expected to remain so, and no showing has been made
23 pursuant to § 51.711(b). (§ 51.713(b))

24 • **Position of the Parties**

25 **TCG Position**

26 The Commission should adopt "Bill and Keep" until a permanent compensation
27 mechanism can be developed pursuant to the FCC's August 8, 1996 Order. The
28 Order specifically allows state commissions that adopted interim "Bill and Keep"
prior to entry of the FCC Order, as this Commission has done, to continue to
authorize such compensation unless a party can prove that the traffic exchanged
between it and the other carrier will not be roughly in balance. The FCC Order also
establishes a presumption that exchanged traffic is or will be roughly in balance.
Further, it is TCG's position that the cost of traffic termination is so low as to make
"bill and keep" the permanent method. U S WEST cannot make the required
showing, and the Commission should establish interim mutual compensation
through "Bill and Keep."

If the Commission does not adopt "Bill and Keep," it should use the default prices
established by the FCC in its August 8 Order and apply them reciprocally. The
Commission should not use U S WEST's proposed prices because they ostensibly

1 are based on "TELRIC" studies that were provided to TCG one month before the
2 hearings. TCG has insufficient time to evaluate these studies fully, and these new
3 studies should not be adopted by the Commission for use with TCG or any other
4 company until the Commission has had the opportunity to evaluate them in a generic
5 costing docket.

6 TCG, therefore, requests that the Commission segregate issues related to evaluation
7 of U S WEST's TELRIC cost studies and consider them in a separate general docket
8 in which all interested parties may participate. For purposes of this arbitration, the
9 Commission should use the default numbers established by the FCC in its August 8
10 Order.

11 **U S WEST Position**

12 Blanket "Bill and Keep" should not be adopted, even on an interim basis, because it
13 would deny U S WEST the opportunity to recover its additional costs, to terminate
14 TCG's traffic. These costs include among other things, the costs to significantly
15 expand and reconfigure U S WEST's interoffice network. To the extent the
16 interconnect carriers do not pay for the increased costs, U S WEST retail customers
17 will have to. U S WEST believes it is more appropriate for the entity causing the
18 cost to pay.

19 Reciprocal compensation should be based on the forward looking economic cost of
20 each carrier. U S WEST has filed updated TELRIC cost studies and applied a
21 markup for shared and common costs consistent with the pricing structure in the
22 FCC rules. U S WEST opposes TCG's request to segregate issues related to
23 evaluation of the cost studies. U S WEST reserves the right to file arguments
24 supporting its position.

25 Proxy default rates should not be adopted. The studies and other sources used by the
26 FCC to set the proxy prices do not comply with proper TELRIC costing methods; as
27 defined by the FCC itself. Instead, U S WEST's proposed prices should be
28 accepted.

TCG is entitled to symmetrical transport and termination rates when traffic is
balance, the function of the TCG's & U S WEST's networks are similar in respect to
the tandem switch, and the geographic area served by each is comparable.

U S WEST proposes a call termination structure that would only involve payments
from U S WEST to TCG or TCG to U S WEST when the traffic between the two is
out of balance. TCG cannot demonstrate that its network functions as a tandem
switch, or that its geographic area served is comparable to U S WEST's. Therefore,
a usage sensitive charge for tandem switching and tandem switched transport should
apply. For direct trunk transport, U S WEST proposes a flat-rate structure in which
U S WEST and TCG would share the cost of the facilities in proportion to each
carrier's traffic.

1 **B. Switched Access Interconnection**

2 • **Statement of the Issue**

3 The pricing of switched access is dealt with under A. above. The FCC has stated
4 that the term "interconnection" refers only to the physical linking of two networks.
5 (FCC Order No. 96-325, Para. 174) Interconnection in that narrow sense is dealt
6 with under C. below.

7 **C. Interconnection**

8 • **Statement of the Issue**

9 What are the appropriate arrangements for physically interconnecting the networks
10 of the carriers for the exchange of local traffic?

11 • **The Telecommunications Act and FCC Rules**

12 **Telecommunications Act**

13 Every incumbent LEC has the duty to provide for the facilities and equipment of any
14 requesting telecommunications carrier, interconnection with the local exchange
15 carrier's network (A) for the transmission and routing of telephone exchange
16 service and exchange access; (B) at any technically feasible point within the
17 carrier's network; (C) that is, at least equal in quality to that provided by the local
18 exchange carrier to itself or to any subsidiary, affiliate, or any other party to which
19 the carrier provides interconnection; and (D) on rates, terms, and conditions that are
20 just, reasonable, and nondiscriminatory, in accordance with the terms and conditions
21 of the agreement and the requirements of this section and section 252. (§ 251(c)(2))

22 **FCC Rules**

23 An incumbent shall provide for interconnection at any technically feasible point
24 within the incumbents LEC's network including, at a minimum: (i) the line-side of
25 a local switch; (ii) the trunk-side of a local switch; (iii) the trunk interconnection
26 points for a tandem switch; (iv) central office cross-connect points; (v) out of
27 band signaling transfer points necessary to exchange traffic at these points and
28 access call-related databases; and (vi) the points of access to unbundled network
elements as described in § 51.319. (§ 51.305)

An incumbent LEC must accommodate two-way trunking requests where
technically feasible (Para. 219). An incumbent LEC has the burden of
demonstrating the technical infeasibility of a particular method of interconnection or
access at any individual point (Para. 554).

1 • **Position of the Parties**

2 **TCG Position**

3 TCG seeks physical interconnection on the terms and conditions required in the FCC
4 Order and prior PUC orders, including but not limited to negotiation of
5 interconnection meet points to which each carrier is responsible for constructing its
6 facilities. The parties are continuing to negotiate the detailed aspects of physically
7 interconnecting their networks.

8 **U S WEST Position**

9 U S WEST will offer TCG the choice of virtual or physical collocation for
10 interconnection and for the exchange of traffic and to unbundled elements.
11 U S WEST will offer the six points of interconnection specified in the FCC rules
12 plus at any other technically feasible point. U S WEST will also offer the option of
13 meet point arrangements for the exchange of traffic. For meet points each carrier is
14 responsible for constructing their own facilities to the meet point. The exact
15 location of the meet point is subject to mutual agreement. U S WEST proposes that
16 it should generally not be required more than one mile of facilities and in no case
17 should be required to construct more than one-half of the route.

18 **D. Performance Standards and Penalties**

19 • **Statement of the Issue**

20 Should the interconnection contain performance standards and penalties for not
21 meeting the standards.

22 • **The Telecommunications Act and FCC Rules**

23 Neither performance standards nor penalties are required by the FCC rules.

24 • **Position of the Parties**

25 **TCG Position**

26 TCG seeks performance standards and remedies. The specific issues that should be
27 addressed include: i) Installation performance measures for unbundled loops,
28 switched interconnection trunks, private line/ special access DS3s, DS1s and DS0s,
and Multiplexers; ii) quality of service performance measures for the same elements;
iii) measurement of the grade of service provided; iv) timeliness of NXX code
openings; v) implementation of 911 data bases and availability of 911 trunks; vi)
timeliness and accuracy of all data bases; and vii) access to poles, conduits and
rights-of-way. In order for performance standards to be meaningful, TCG seeks
penalty provisions that provide it with recourse to a remedy.

1 **U S WEST Position**

2 U S WEST is not opposed to performance standards. For ease of administration, it
3 would be better to have a consistent set of standards across the industry that would
4 apply equally to all interconnecting carriers.

5 If TCG wants special standards, to the extent that U S WEST incurs additional costs
6 to meet the special standards, TCG would be charged.

7 U S WEST is opposed to penalties. Nothing in the Federal Act or the FCC Order
8 would subject U S WEST to TCG's proposed performance standards and penalties.
9 Arbitrators in a typical commercial arbitrations do not have anything to impose these
types of unilateral standards and penalties. Substantial discounts or large liquidated
penalties are inconsistent with the standards of the Act.

10 **E. Access to Poles, Ducts, Conduits and Rights-of -Way**

11 • **Statement of the Issue**

12 Access to poles, ducts, conduits and right-of-ways on comparable terms and
13 conditions and prices.

14 • **The Telecommunications Act and FCC Rules**

15 A telecommunications carrier has the duty to afford access to poles, ducts, conduits
16 and rights-of-way of such competing providers of telecommunications services on
17 rates, terms and conditions that are consistent with section 224. (§251(b)(4))

18 • **Position of the Parties**

19 **TCG Position**

20 TCG seeks nondiscriminatory access to poles, ducts, conduits, and rights-of-way
21 owned and/or controlled in whole or in part by U S WEST according to rates, terms,
22 and conditions required in the Federal Act and FCC Order. These rates, terms, and
23 conditions should be uniformly applicable to all poles, ducts, conduits and rights-of-
24 way U S WEST owns and/or controls, rather than subject to negotiation on an
individual case basis.

25 **U S WEST Position**

26 U S WEST proposes that each party provide the other party access to poles, ducts,
27 rights-of-way and conduit it controls on terms conditions and prices comparable to
28 those offered to any other entity pursuant to each party's applicable tariffs and/or
standard agreements.

1
2 **F. Collocation**

3 • **Statement of the Issue**

4 Under what terms, conditions, and prices will U S WEST offer virtual and physical
5 collocation. The parties agree that physical and virtual collocation will be made
6 available.

7 • **The Telecommunications Act and FCC Rules**

8 ***The Telecommunications Act***

9 Section 251(c)(6) requires incumbent LECs the duty to provide physical collocation
10 on rates, terms and conditions that are just, reasonable, and nondiscriminatory. A
11 carrier may provide for virtual collocation if the LEC demonstrates to the State
commission that physical collocation is not practical for technical reasons or because
of space limitations.

12 ***FCC Rules***

13 Section 51.323 of the FCC Rules spells out the detailed requirements for physical
14 and virtual collocation.

15 Section 51.323(c) states that nothing in this section requires an incumbent LEC to
16 permit collocation of switching equipment or equipment used to provide enhanced
services.

17 The FCC has defined "premises" broadly, to permit collocation at the following
18 U S WEST premises: "central offices, serving wire centers and tandem offices . . .
19 all buildings or similar structures owned or leased by the incumbent LEC that house
20 LEC network facilities . . . [and] any structures that house LEC network facilities on
public rights-of-way, such as vaults containing loop concentrators or similar
structures." *Id.* at Para. 583.

21 • **Position of the Parties**

22 ***TCG Position***

23 TCG seeks physical and virtual collocation on nondiscriminatory rates, terms, and
24 conditions as required in the federal Act, FCC Order and rules, and PUC orders
25 without limitation, including but not limited to collocation of microwave
26 transmission facilities and other equipment. These rates, terms, and conditions for
27 collocation should be available on a general basis and should not require negotiation
28 on an individual case basis. Further, the Commission should adopt the discount
scheme set forth in the TCG proposal.

1 Rates for collocation for purposes of this proceeding should be set using FCC
2 default numbers. As provided above, TCG has insufficient time to analyze
3 U S WEST's recently conducted TELRIC studies and requests that evaluation of
4 these studies be segregated into a separate docket for Commission evaluation in
5 which all interested parties may participate.

6
7 **U S WEST Position**

8 U S WEST's proposal includes terms and conditions for both physical and virtual
9 collocation in compliance with the Telecommunications Act and the FCC rules.
10 U S WEST however, disagrees with the FCC's expansive use of the term "premises"
11 to include locations other than those where U S WEST's switching equipment is
12 located. U S WEST will appeal this issue.

13 The pricing of the elements proposed in this arbitration includes updated TELRIC
14 costs including a markup for shared and common costs consistent with the TELRIC
15 pricing structure in the FCC rules.

16
17 **G. Resale**

18 • **Statement of the Issue**

19 What services are available for resale and at what wholesale discounts.

20 • **Applicable Telecommunications Act and FCC Rules**

21 **The Telecommunications Act**

22 Under §251(c)(4)(A), U S WEST must offer for resale, "at wholesale rates" any
23 telecommunications service that it offers at retail, and without any unreasonable or
24 discriminatory limitations.

25 A state Commission may impose a limitation that would prohibit a reseller that
26 obtains at wholesale rates a telecommunications service that is available at retail
27 only to a category of subscribers from offering such service to a different category of
28 subscribers. (§251(c)(4)(B))

The definition of "wholesale rates" is set forth in § 252(d)(3), and requires
U S WEST to discount the rate by any costs "avoided" by U S WEST as a result of
providing the service to a reseller rather than an end user customer.

FCC Rules

Two methods are provided for determining the appropriate avoided cost discount.
The first, and preferred method, requires state commissions to identify and calculate
avoided costs based on avoided cost studies. The second method allows states to

1 select, on an interim basis, from a 17-25 percent default discount range. (FCC 96-
2 325, Para. 908)

3 Criteria for cost studies are described. (Para. 911-920)

4 A state Commission that has not set wholesale prices based on avoided cost studies
5 that meet the FCC's criteria as of August 8, 1996 "shall use a default wholesale
6 discount rate of between 17 and 25 percent." (Para. 932)

7 We therefore establish a presumption that promotional prices offered for a period of
8 90 days or less need not be offered for resale at wholesale rates. Promotional
9 offerings greater than 90 days in duration must be offered for resale at wholesale
10 rates. (Para. 950)

11 In addition, retail services priced at a volume-based discount to end users must also
12 be made available for resale at wholesale rates excluding avoidable costs
13 (Para. 951).

14 Resale restrictions are preemptively unreasonable and this presumption can be
15 rebutted only if the restrictions are narrowly tailored (Para. 939).

16 Subject to cross class restrictions, below-cost and residential services are subject to
17 the wholesale rate obligations of section 251(c)(4). (Para. 956)

18 Residential services should not be resold to nonresidential end users, and we
19 conclude that restrictions prohibiting such cross-class reselling of residential
20 services are reasonable. (Para. 962)

21 Exchange Access Services are not subject to the resale requirements of Section 251
22 (4). (Para 873)

23 • **Position of the Parties**

24 ***TCG Position***

25 TCG seeks the ability to obtain U S WEST's retail services for resale at wholesale
26 discounts as required by the federal Act, FCC Order, including the FCC's Order on
27 number portability, and rules.

28 The wholesale rates should be established using the FCC default discount range, and
the Commission should open a separate docket to establish appropriate wholesale
rates. TCG does not have sufficient time to evaluate U S WEST's newly conducted
avoided cost studies in this arbitration, and these studies should not be adopted to set
rates for TCG or any other carrier until the studies have been thoroughly examined
and approved by the Commission in a generic docket in which all interested parties
may participate.

TCG should not be required to pay U S WEST's costs for constructing facilities
used to provide resold services.

1 **U S WEST Position**

2 U S WEST will offer wholesale services as prescribed by the Act. The wholesale
3 discount has been calculated in accordance with the FCC Rules.

4 U S WEST will not offer for resale enhanced services, promotional offerings of less
5 than 90 days, exchange access services, or discontinued services except where the
6 FCC rules provide that the discontinued services may be resold to only existing
7 customers of the service.

8 On August 30, 1996, U S WEST provided a study that derives the discounts for
9 other services available for resale in compliance with the requirements of the FCC
10 Order.

11 U S WEST has provided an avoided cost discount for residence services, but
12 U S WEST is challenging the FCC's Order with respect to offering wholesale
13 discounts on services priced below cost.

14 U S WEST should be permitted to bill construction charges to TCG if U S WEST
15 must construct new facilities for resale.

16 **H. Number Portability**

17 • **Statement of the Issue**

18 What form of interim number portability will be offered and how will it be priced?

19 • **The Telecommunications Act**

20 Number portability is defined as the ability of users of telecommunications services
21 to retain, at the same location, existing telecommunications numbers without
22 impairment of quality, reliability, or convenience when switching from one
23 telecommunications carrier to another. (§3(46))

24 Each telecommunications carrier has the duty to provide to the extent technically
25 feasible, number portability in accordance with requirements prescribed by the
26 Commission. (§ 251(b)(2))

27 • **FCC Rules**

28 Until long-term service provider portability is available, LECs are to provide
29 currently available number portability measures, such as Remote Call Forwarding
30 (RCF) and Direct Inward Dialing (DID), upon specific request from another carrier.
31 The costs of currently available measures must be borne by all telecommunications
32 carriers on a competitively neutral basis (such as gross telecommunications
33 revenues, number of lines, or number of active telephone numbers) and we conclude
34 that states may utilize various cost recovery mechanisms, so long as they are
35 consistent with these statutory requirements. (FCC 96-286, Paras. 6, 130, 136)

1 Any cost recovery mechanism for the provision of number portability pursuant to
2 section 52.7(a) of this chapter, § 52.7(a), that is adopted by a state commission must
3 not: (1) give one telecommunications carrier an appreciable, incremental cost
4 advantage over another telecommunications carrier, when competing for a specific
5 subscriber (i.e., the recovery mechanism may not have a disparate effect on the
6 incremental cost of competing carriers seeking to serve the same customer); or, (2)
7 have a disparate effect on the ability of competing telecommunications carriers to
8 earn a normal return on their investment. (§ 52.7(a))

9 The FCC directs the forwarding and terminating companies to assess the IXCs
10 charges for terminating access through meet-point billing arrangements, i.e. the
11 terminating carrier would receive the CCL and local switching charges, and the
12 transport charge would be shared (FCC 96-285, Para. 140). Meet-point is not
13 specifically defined.

14 • **Position of the Parties**

15 **TCG Position**

16 TCG seeks interim local service provider number portability on rates, terms, and
17 conditions required by the federal Act and FCC Order and rules.

18 **U S WEST Position**

19 U S WEST does not agree with the FCC's order relating to the recovery of the
20 interim number portability costs nor the FCC prescribed sharing formula for the
21 terminating access charges from IXCs. The FCC's Order is inconsistent with
22 A.A.C. R14-2-1308 which should be followed by the Arbitrator in determining
23 terms and conditions for interim number portability. Should U S WEST be required
24 to implement the FCC's Order, it would propose a flat payment to TCG per ported
25 telephone number to avoid the significant expense of modifying U S WEST's
26 recording and billing systems to identify those minutes from interexchange carriers
27 that are associated with portable telephone numbers assigned to TCG.

28 **I. Unbundled Access**

• **Statement of Issue**

To what degree are features and functionalities of U S WEST's network to be
unbundled and offered as separate elements, and what are the rates for those separate
elements.

• **The Telecommunications Act and FCC Rules**

1 **The Telecommunications Act**

2 Section 251(c)(3) requires an incumbent LEC to unbundle its network into network
3 elements at any technically feasible point.

4 Section 252(d)(1) establishes the pricing for unbundled network elements. It states
5 the prices should be based on cost and may include a reasonable profit.

6 **FCC Rules**

7 Rules require the unbundling of Local loops, Switching capability, Interoffice
8 transmission facilities, Databases and Signaling systems, and Operator services and
9 directory assistance. (FCC Order No. 96-325, Para 367, 397, 428, 452, 504, 529)

10 States may consider the unbundling of additional elements, if it is technically
11 feasible. (FCC Order No. 96-325, Para. 366.)

12 Rules require that prices for unbundled elements should be set at forward looking
13 long run economic cost. In practice this means prices will be based on Total
14 Element Long Run Incremental Cost and will include a reasonable allocation of
15 forward-looking joint and common costs. (FCC Order No. 96-325, Para. 672.

16 States may set prices at default proxy rates until the state commission can review
17 economic cost studies. (FCC Order No. 96-325, Para. 767)

18 • **Position of the Parties**

19 **TCG Position**

20 TCG seeks access to unbundled U S WEST network elements at rates, terms, and
21 conditions required by the federal Act, FCC Order and rules. These rates, terms, and
22 conditions should be generally available and should not require negotiation on an
23 individual case basis. Conditioning for unbundled loops should include not only
24 ISDN but HDSL and ADSL.

25 Prices for unbundled elements should be set according to FCC default numbers.
26 Prices should not be set according to U S WEST's recently conducted TELRIC
27 studies. TCG has insufficient time to evaluate those studies in this arbitration, and
28 these studies should not be used to establish rates for TCG or any other carrier until
29 they have been thoroughly examined and approved by the Commission in a generic
30 docket in which all interested parties have the opportunity to participate.

31 **U S WEST Position**

32 U S WEST will provide unbundled network elements, consistent with the Act and
33 the FCC's Order, when technically feasible.

1 A. U S WEST will provide the unbundled subscriber loop in several
2 configurations - 2 wire and 4 wire analog voice grade, and 2 and 4 wire loops that
3 are conditioned for digital transmission such as ISDN. U S WEST will provide
4 unbundled switching on both a trunk side and line side basis.

5 U S WEST has provided cost studies where the cost of central office features is
6 included with the cost of the unbundled switch ports. U S WEST believes however
7 that central office features are finished services that should not be included as part of
8 the switch port, but should be available from the resale tariffs only.

9 U S WEST will provide on an unbundled basis subscriber loops, switching,
10 transport, and signaling.

11 U S WEST will negotiate for the provision of additional unbundled network
12 elements, when technically feasible and when requested by a carrier.

13 With respect to geographic deaveraging, U S WEST has provided cost on a
14 deaveraged basis. U S WEST believes, however, that wholesale rates should not be
15 deaveraged until retail rates can be deaveraged.

16 U S WEST proposed pricing of unbundled network elements is based on the FCC
17 pricing standard, Total Element Long Range Costs (TELRIC) plus an appropriate
18 share of forward looking shared and common cost consistent with the pricing
19 structure in the FCC rules. U S WEST believes that the proxy costs should not be
20 used because they do not comply with the Act.

21 B. The FCC Rules appear to allow a carrier to purchase unbundled elements, at
22 unbundled element prices, and have U S WEST bundle them back again to the
23 finished service. The effect of the process is to develop another price for resale.
24 U S WEST is opposed to this provision of the FCC Rules, and will appeal.

25 The FCC Rules provide that carriers that purchased unbundled elements do not have
26 to pay tariffed intrastate carrier access charges, but instead pay a lower proxy rate
27 than is scheduled for elimination. U S WEST is opposed to this FCC phantom
28 unbundling and will appeal.

II. Resolved or Partially Resolved Issues

A. Access to Telephone Numbers

- Statement of the Issue

1 The nondiscriminatory provision of access to telephone numbers. U S WEST
2 believes there is no disagreement on this issue.

3 • **The Telecommunications Act and FCC Rules**

4 **Telecommunications Act**

5 **FCC Rules**

6 • **Position of the Parties**

7 **TCG Position**

8 TCG seeks nondiscriminatory access to telephone number resources as required by
9 the FCC Order and rules. As is true for most, if not all, of the following issues, the
10 parties are continuing to negotiate this issue to ensure that their respective
11 interpretations and understandings of the application of applicable law are the same.
12 The parties anticipate that they will be able to reach agreement on most of these
13 issues.

13 **U S WEST Position**

14 U S WEST will provide nondiscriminatory access to telephone numbers as required
15 by the FCC rules.

16
17 **B. Operator Call Completion**

18 • **Statement of the Issue**

19 To what extent should operator call completion services be provided by U S WEST.
20 Call completion services are the features and functionalities necessary for TCG
21 operators to be able to complete, for their customers, calls to U S WEST customers.
22 Specifically needed are the Busy Line Verify and Busy Line Interrupt Services.

22 • **The Telecommunications Act and FCC Rules**

23 **The Telecommunications Act**

24 Sections 251(b)(3) requires nondiscriminatory access to operator services.

25 **FCC Rules**

26 A LEC that provides operator services, directory assistance services or directory
27 listings to its customers, or provides telephone numbers, shall permit competing
28

1 providers of telephone exchange service to have nondiscriminatory access to that
2 service or feature, with no unreasonable delay. (§ 51.217(b))

3 We find that the databases used in the provision of both operator call completion
4 services and directory assistance must be unbundled by the incumbent LECs upon a
5 request for access by a competing provider. (FCC Order 96-325, Para. 538.

6 • **Position of the Parties**

7 **TCG Position**

8 TCG seeks operator call completion services according to the rates, terms, and
9 conditions established by the FCC Order and rules. Rates for these services should
10 be set using the FCC default numbers. The rates should not be set according to
11 U S WEST's recently completed TELRIC studies. TCG has insufficient time to
12 evaluate these studies in this arbitration, and the studies should not be used to
13 establish rates for TCG or any other carrier until they have been approved by the
14 Commission in a general docket in which all interested parties have the opportunity
15 to participate.

16 **U S WEST Position**

17	BLV	BLI
18	\$.723339	\$.872446

19 U S WEST will provide nondiscriminatory access to operator call completion
20 services, including Busy Line Verify and Busy Line Interrupt Services, as defined in
21 the Act and FCC rules.

22 U S WEST has updated its cost studies to meet the FCC's TELRIC costs and
23 applied a markup for shared and common costs consistent with pricing structure in
24 the FCC rules.

25 **C. Directory Assistance**

26 • **Statement of the Issue**

27 The provision of nondiscriminatory access to directory assistance with no
28 unreasonable dialing delays, and the pricing for these services.

• **The Telecommunications Act and FCC Rules**

1 **The Telecommunications Act**

2 Sections 251(b)(3) requires nondiscriminatory access to directory assistance.

3 **FCC Rules**

4 A LEC that provides operator services, directory assistance services or directory
5 listings to its customers, or provides telephone numbers, shall permit competing
6 providers of telephone exchange service to have nondiscriminatory access to that
7 service or feature, with no unreasonable delay. (§ 51.217(b))

8 • **Position of the Parties**

9 **TCG Position**

10 TCG seeks directory assistance according to the rates, terms, and conditions required
11 by the federal Act, FCC Order and rules.

12 **U S WEST Position**

13 U S WEST will provide nondiscriminatory access to directory assistance data bases
14 as well as provide resold directory assistance service.

15 U S WEST will provide the brand of TCG for resold directory assistance service
16 where it is technically feasible. U S WEST disagrees with and will appeal the FCC
17 rule that requires U S WEST, when branding is not technically feasible, to remove
18 its own brand from its directory assistance service provided to U S WEST retail
19 customers.

19 **D. Directory Listings**

20 • **Statement of the Issue**

21 The nondiscriminatory provision of directory listings to TCG.

22 • **The Telecommunications Act and FCC Rules**

23 **The Telecommunications Act**

24 Sections 251(b)(3) requires nondiscriminatory access to directory assistance.

25 **FCC Rules**

26 A LEC that provides operator services, directory assistance services or directory
27 listings to its customers, or provides telephone numbers, shall permit competing
28 providers of telephone exchange service or telephone to service to have

1 nondiscriminatory access to that service or feature, with no unreasonable delay. (§
2 51.217(b))

3 • **Position of the Parties**

4 **TCG Position**

5 TCG seeks directory listings for its customers at the rates (if applicable), terms, and
6 conditions required under the federal Act, FCC Order and rules, and pursuant to the
7 same rates, terms, and conditions U S WEST obtains those listings for its customers.

8 **U S WEST Position**

9 U S WEST will meet the requirements of the Telecommunications Act by providing
10 for the inclusion of TCG's listings in the directory assistance database at no charge,
11 and will forward, at no charge, TCG's primary listings to directory publishers.

12 **E. Notice of Changes**

13 • **Statement of the Issue**

14 Will U S WEST and TCG make the necessary notifications of network
15 modifications needed by other carriers to prevent network disruption?

16 • **The Telecommunications Act and FCC Rules**

17 **Telecommunications Act**

18 **FCC Rules**

19 • **Position of the Parties**

20 **TCG Position**

21 TCG seeks network disclosure requirements from U S WEST as provided under the
22 federal Act and FCC Order and rules. TCG will comply with any network
23 disclosure requirements imposed on it under the federal Act and FCC Order and
24 rules.

25 **U S WEST Position**

26 U S WEST is subject to existing network disclosure requirements as well as those
27 provided for under the 1996 Act and FCC rules. Therefore, it is not necessary to
28 include those responsibilities in the agreement.

1 The federal network disclosure requirements address only the obligations of
2 U S WEST. An additional paragraph should be added to the interconnection
3 agreement to provide for the reciprocal network disclosure requirements of TCG.

4 **F. 911/E-911 Service**

5 • **Statement of the Issue**

6 The provision of nondiscriminatory access to 911 and E911 services to enable TCG
7 to provide these services to its customers.

8 • **The Telecommunications Act and FCC Rules**

9 **The Telecommunications Act**

10 Section 271(c)(2)(B)(vii)(I) requires nondiscriminatory access to 911 and E911
11 services as a condition of interLATA entry.

12 • **Position of the Parties**

13 **TCG/U S WEST Positions**

14 There is no disagreement on this issue.

15 U S WEST will provide access to 911/E911 services as necessary so that TCG can
16 offer the services to their customers.

17 **G. Data Base Access**

18 • **Statement of the Issue**

19 Whether and under what rates, terms, and conditions U S WEST will provide
20 interfaces to access U S WEST's data bases.

21 • **The Telecommunications Act and FCC Rules**

22 **The Telecommunications Act.**

23 Section 271(2)(B)(x) requires nondiscriminatory access to data bases and associated
24 signaling necessary for call routing and completion.

25 **FCC Rules**

26 Section 51.311(e) describes the access required to Signaling Networks and Call-
27 Related Data Bases.

28 • **Position of the Parties**

1 **TCG Position**

2 TCG seeks access to U S WEST data bases on the terms and conditions required by
3 the federal Act, FCC Order and rules.

4 **U S WEST Position**

5 U S WEST will provide unbundled access to its signaling data bases as provided by
6 the FCC rules.

7 **H. Referral Announcement**

8 • **Statement of the Issue**

9 When a customer changes service provider from U S WEST to another provider, is a
10 referral with the customers new number made when the abandoned telephone
11 number is called?

12 • **The Telecommunications Act and FCC Rules**

13 **The Telecommunications Act**

14 This does not appear to be a specific requirement of either the Act or the FCC Rules.

15 • **Position of the Parties**

16 **TCG/U S WEST position**

17 U S WEST will provide the referral announcement.

18 The parties are in agreement on this issue.

19 **I. Yellow Pages Listings and Process**

20 • **Statement of the Issue**

21 Will Yellow Page advertisements purchased by customers changing their carrier
22 from U S WEST to TCG be maintained without interruption?

23 • **The Telecommunications Act and FCC Rules**

24 **The Telecommunications Act**

25 *Yellow Page maintenance is not a requirement of the Act.*

26 None
27
28

1 • **Position of the Parties**

2 **TCG Position**

3
4 Customers changing from U S WEST to TCG should be able to maintain their
5 Yellow Pages advertising according to the same rates, terms, and conditions they
6 maintained that advertising while a customer of U S WEST. TCG does not agree
7 that U S WEST and U S WEST Direct are entirely separate companies that have
8 arms-length transactions, and therefore U S WEST should be held responsible for
9 ensuring that U S WEST Direct does not treat TCG and its customers less favorably
10 than U S WEST and its customers.

11 **U S WEST Position**

12 U S WEST understands that U S WEST Direct, which publishes directories on
13 U S WEST's behalf, will provide Yellow Pages maintenance as requested by
14 Competitive Local Exchange Carriers.

15 **J. Information Pages**

16 • **Statement of the Issue**

17 Should U S WEST be required to include other carriers in the "Information Pages"
18 of the White Page directories?

19 • **The Telecommunications Act and FCC Rules**

20 There is no requirement for information pages referenced in the Act or FCC Rules.

21 • **Position of the Parties**

22 **TCG Position**

23 TCG should have access to the Information Pages in the U S WEST Direct White
24 Pages on the same terms and conditions such access is granted to U S WEST. TCG
25 disagrees that U S WEST and U S WEST Direct are entirely separate companies
26 that deal with each other at arms-length, and therefore U S WEST should be
27 responsible to ensure that U S WEST Direct does not treat TCG less favorably than
28 U S WEST.

29 **U S WEST position**

30 U S WEST understands that U S WEST Direct, which publishes directories on
31 U S WEST's behalf, will include Competitive Local Exchange Carriers with listings
32 in the information pages of the U S WEST Yellow Pages.

1 **D. List of Witnesses and Summary of Testimony:**

2 TCG's Witnesses:

3 1. Jim Washington, Regional Vice President-Western Region

4 Mr. Washington will testify concerning TCG's positions on the appropriate
5 terms for an interconnection agreement with U S WEST.

6 2. William Page Montgomery, Montgonery Consulting

7 Mr. Montgomery will testify concerning compensation for local call
8 termination, allocation of revenues for jointly provided switched access services, and
9 performance standards and remedies.

10 3. Kenneth A. Shulman, Senior Vice President-Technology

11 Mr. Shulman will testify concerning network design methods used for the
12 transportation and termination of local traffic between interconnected local exchange
13 carriers.

14 U S WEST's Witnesses:

15 1. Susanne Mason, Director-Regulatory Matters

16 Ms. Mason will testify concerning U S WEST's proposed interconnection
17 prices and the derivation of those prices. She will also discuss U S WEST's position on
18 policy issues raised by the Federal Act, the FCC Order, the Commission's rules and the
19 Petition filed by TCG.

20 2. Geraldine Santos-Rach, Director-Product Cost Specialist

21 Ms. Santos-Rach will testify concerning U S WEST's TSLRIC and
22 TELRIC studies. She will also testify concerning allocation of joint and common costs
23 consistent with the FCC Order. She will also respond to any cost studies submitted by
24 TCG and will address any cost issues raised in the Petition or at the hearing.

25 3. Robert G. Harris, Law & Economics Consulting Group, Inc.

26 Dr. Harris will testify concerning the economic issues arising from the
27 Federal Act, the FCC Order, the Commission Rules and the Petition. He will also
28 support the economic analysis underlying the cost studies.

1 4. **Frank Hatzenbuehler, Vice President-Markets Regulatory Strategy**

2 Mr. Hatzenbuehler will testify in support of U S WEST's proposed prices
3 for interconnection, resale and unbundled elements. He will also discuss competitive
4 policy issues.

5 5. **Network Witnesses**

6 U S WEST may present as rebuttal witnesses to describe the network and
7 discuss the technical issues underlying the unresolved issues between TCG and
8 U S WEST the following: Barry Orrel, Mike Zulevic, Tim Piegat and Ed Peters. Mr.
9 Orrel's area of expertise is the local loop. Mr. Zulevic's area of expertise is switching
10 and Mr. Piegat's area of expertise is AIN. Mr Peters is familiar with the negotiations
11 between TCG and U S WEST concerning technical issues.

12 **E. Copy of Exhibits:**

13 U S WEST intends to use as exhibits the pre-filed testimony of its witnesses.
14 U S WEST also intends to use at hearing the exhibits attached to its Response which has
15 already been submitted to the Arbitrator. U S WEST intends to use its TSLRIC studies,
16 which have been provided to TCG, and a copy of which was filed with the Arbitrator on
17 August 16. U S WEST also intends to use its TELRIC studies and avoided cost studies.
18 U S WEST reserves the right to supplement its exhibits prior to hearing and to use
19 demonstrative exhibits at the hearing.

20 TCG intends to use as exhibits the pre-filed testimony of its witnesses. TCG
21 reserves the right to supplement its exhibits prior to hearing and to use demonstrative
22 exhibits at the hearing.

23
24 **F. Other Issues:**

25 The parties mutually agree to a transcription/recording of the pre-arbitration
26 conference and arbitration and agree to share the costs of the transcription/recording
27 equally.
28

1 The parties request that attendance at the hearing be limited to representatives of
2 TCG, U S WEST, and the Arbitrator and his staff.

3 RESPECTFULLY SUBMITTED this 17th day of September, 1996.

4
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Attorneys for TCG Phoenix

1 ORIGINAL of the foregoing
2 filed this 17th day of
3 September, 1996 with:

4 Docket Control
5 ARIZONA CORPORATION COMMISSION
6 1200 West Washington
7 Phoenix, Arizona 85007

8 Copy of the foregoing hand-
9 delivered this 17th day of
10 September, 1996 to:

11 Jerry Rudibaugh
12 Chief Hearing Officer
13 Arizona Corporation Commission
14 1200 West Washington
15 Phoenix, Arizona 85007

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